

Message Text

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ORIGIN EUR-12

INFO OCT-01 AF-06 ARA-06 EA-07 IO-11 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 /123 R

DRAFTED BY EUR/NE:NLACHILLES:DF

APPROVED BY EUR/NE:PFCANNEY

EB/OT/STA:WTDIROLL

D:MPENDLETON

S/S:JPMOFFAT

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P R 042337Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY BERN PRIORITY

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USMISSION GENEVA

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AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PRAGUE

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AMEMBASSY PRETORIA

AMEMBASSY ROME
AMEMBASSY SEOUL
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMEMBASSY VIENNA
AMEMBASSY WARSAW
AMCONSUL HONG KONG
AMCONSUL CAPE TOWN

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FOR EMB CAPE TOWN

E.O. 11652: N/A

TAGS:ETRD

SUBJECT:SWEDISH AIDE-MEMOIRE ON SPECIALTY STEEL

THE SWEDISH AMBASSADOR ON FEBRUARY 2 PRESENTED AN AIDE
MEMO RE TO ACTING SEC INGERSOLL ON THE UNITED STATES INTER-
NATIONAL TRADE COMMISSION'S (U.S.I.T.C.) DECISION ON SPEC-
IALTY STEEL. THE AIDE MEMOIRE READS AS FOLLOWS: BEGIN TEXT:

ON JANUARY 16, 1976, THE UNITED STATES INTERNATIONAL TRADE
COMMISSION (ITC) DETERMINED THAT CERTAIN STAINLESS STEEL AND
ALLOY TOOL STEEL PRODUCTS, PROVIDED FOR IN EIGHT DIFFERENT
ITEMS OF THE UNITED STATES TARIFF SCHEDULES, ARE BEING IM-
PORTED INTO THE UNITED STATES IN SUCH INCREASED QUANTITIES
AS TO BE A SUBSTANTIAL CAUSE OF SERIOUS INJURY, OR THREAT
THEREOF, TO THE DOMESTIC INDUSTRY OR INDUSTRIES PRODUCING
ARTICLES LIKE OR DIRECTLY COMPETITIVE WITH THE IMPORTED
ARTICLES. THE COMMISSION THEREFORE RECOMMENDED THAT IMPORT
QUOTAS BE IMPOSED.

THE SWEDISH GOVERNMENT IS AWARE THAT THESE RECOMMENDATIONS
ARE NOW SUBJECT TO INTERNAL CONSIDERATION WITHIN THE UNITED
STATES ADMINISTRATION, AND THAT THE PRESIDENT, WITHIN A FEW
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WEEKS, WILL MAKE A DECISION ABOUT FURTHER ACTION IN THIS
MATTER. SINCE THIS MATTER IS OF GREAT IMPORTANCE TO VITAL

SWEDISH INTERESTS, THE SWEDISH GOVERNMENT WISHES TO MAKE
THE FOLLOWING OBSERVATIONS.

LIMITATIONS TO TRADE IN SPECIALTY STEEL PRODUCTS WOULD MEAN
A SERIOUS SETBACK TO THE SWEDISH STEEL INDUSTRY. SPECIALTY

STEEL ACCOUNTS FOR A LARGE SHARE OF THE TOTAL STEEL PRODUCTION IN SWEDEN, AND ALSO FOR THE MAIN PART OF ITS STEEL EXPORTS. THE SWEDISH GOVERNMENT, THEREFORE, EXPRESSES ITS DEEP CONCERN ABOUT THE RECOMMENDATIONS MADE BY THE ITC.

FURTHERMORE, THE SWEDISH GOVERNMENT IS WORRIED THAT RESTRICTIONS IN SUCH A VITAL SECTOR OF WORLD TRADE AS STEEL COULD TRIGGER AN AVALANCHE OF DEMANDS FOR RELIEF FROM OTHER INDUSTRIES CONFRONTED WITH A LAGGING RECOVERY FROM THE ECONOMIC RECESSION AND COULD ALSO PROVOKE OTHER PROTECTIONIST MEASURES.

IN A PERIOD OF CONTINUED PRESSURES FOR RESTRAINT TO THE FREE FLOW OF GOODS AND SERVICES IN WORLD TRADE, IT IS ESSENTIAL FOR THE MAIN TRADING NATIONS TO UPHOLD THEIR COMMITMENT TO THE PRINCIPLES OF THE OECD TRADE PLEDGE AND SECURE A FAVORABLE ATMOSPHERE FOR DISCUSSIONS ON A FURTHER LIBERALIZATION OF TRADE. THE NOTION THAT AN OPEN WORLD TRADE SYSTEM FOSTERS ECONOMIC GROWTH AND PRICE STABILITY IS STILL COMMONLY RECOGNIZED. THE SWEDISH GOVERNMENT EXPRESSES ITS HOPE AND CONVICTION THAT THE UNITED STATES WILL SERIOUSLY CONSIDER THE WIDE INTERNATIONAL IMPLICATIONS OF RESTRICTIONS ON SPECIALTY STEEL IMPORTS.

AS IS EXPLAINED IN MORE DETAIL IN THE ANNEX TO THIS AIDE MEMOIRE, THE SWEDISH GOVERNMENT DOES NOT CONSIDER THAT ANY CONVINCING EVIDENCE HAS BEEN PRESENTED SHOWING THAT IMPORTS OF THE ARTICLES IN QUESTION WOULD BE A SUBSTANTIAL CAUSE OF SERIOUS INJURY OR THE THREAT THEREOF TO THE UNITED STATES' SPECIALTY STEEL INDUSTRY.

WASHINGTON, D.C., FEBRUARY 2, 1976. END TEXT.

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COPIES OF THE ANNEX TO THE AIDE MEMOIRE ARE BEING AIR-POUCHED. THE SWEDISH GOVERNMENT IS NOT PLANNING TO RELEASE THE AIDE MEMOIRE OR ANNEX TO THE PRESS. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TEXT, TRADE LIBERALIZATION, FOREIGN TRADE, STEELS, AIDE MEMOIRE
Control Number: n/a
Copy: SINGLE
Draft Date: 04 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE027552
Document Source: CORE
Document Unique ID: 00
Drafter: NLACHILLES:DF
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760043-0392
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760281/aaaactue.tel
Line Count: 157
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2004 by ElyME>; APPROVED <24 MAR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WEDISH AIDE-MEMOIRE ON SPECIALTY STEEL THE SWEDISH AMBASSADOR ON FEBRUARY 2 PRESENTED AN AIDE
TAGS: ETRD, SW, US
To: BERN MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006